

GAO

Report to the Chairman, Committee on
Rules and Administration, U.S. Senate,
and the Architect of the Capitol

April 2000

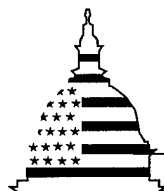
FINANCIAL AUDIT

Senate Restaurants Revolving Fund for Fiscal Years 1999 and 1998

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Accountability * Integrity * Reliability

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Abbreviations

GAAP	generally accepted accounting principles
GAO	General Accounting Office
KPMG	KPMG Peat Marwick LLP



United States General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

B-284650

April 12, 2000

The Honorable Mitch McConnell
Chairman, Committee on Rules
and Administration
United States Senate

The Honorable Alan M. Hantman
Architect of the Capitol

As you requested, we provided for an audit of the financial statements of the United States Senate Restaurants Revolving Fund (the Fund) for the fiscal years ended September 30, 1999 and 1998, by contracting with the independent public accounting firm of KPMG Peat Marwick LLP (KPMG). The contract required that the audit be done in accordance with generally accepted government auditing standards and GAO's *Financial Audit Manual*.

In its audit of the Fund, KPMG found the following:

- The financial statements were fairly presented in conformity with generally accepted accounting principles (GAAP).
- Management's assertion that internal controls in place on September 30, 1999, were effective in safeguarding assets against unauthorized acquisition, use, or disposition; assuring material compliance with laws and regulations; and assuring that there have been no material misstatements in the financial statements is fairly stated.
- There was no reportable noncompliance with selected provisions of laws and regulations it tested.

Although KPMG found that management fairly stated its assertion regarding the effectiveness of the Fund's internal controls, KPMG did identify certain matters involving the Fund's internal controls. These matters, while not significant, were reported to management in a separate letter.

As disclosed in KPMG's report and note 1 to the Fund's financial statements, the operation of the Senate Restaurants is economically dependent on financial and other support provided primarily by the Architect of the Capitol and the United States Senate.

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- The Fund's financial statements for fiscal years 1999 and 1998 include direct financial support provided by the Architect and the Senate in the form of transferred appropriations, loans, and/or appropriated capital totaling about \$1.1 million and \$1.7 million, respectively.
 - The Fund's financial statements for fiscal years 1999 and 1998 do not include other support that benefits the operation of the restaurants. Specifically, the Architect of the Capitol provided about \$205,000 and \$123,000, in fiscal years 1999 and 1998, respectively, for the purchase and maintenance of restaurant-related capital items owned by the Architect. In addition, during fiscal years 1999 and 1998, the Architect and the Government Printing Office provided the Fund with support services—the value of which cannot readily be determined.

As KPMG noted in its report, if operating trends continue, the Fund will continue to require future financial support to maintain continuing operations.

In connection with the audit of the Fund's financial statements performed by KPMG, we reviewed its report and related working papers and, as necessary, met with KPMG representatives and the Fund's management. Our review, as differentiated from an audit in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on the Fund's financial statements and management's assertions about the effectiveness of its internal controls or conclude on compliance with laws and regulations. KPMG is responsible for the attached Auditor's Report and for the conclusions expressed in the report. However, our review disclosed no instances in which KPMG did not comply, in all material respects, with generally accepted government auditing standards.

This report is a matter of public record and is intended for the use of the U.S. Senate, the Architect of the Capitol, the management of the Senate Restaurants and other interested parties. We are sending copies of this report to Senator Christopher J. Dodd, Ranking Minority Member, Senate Committee on Rules and Administration; Senator Robert F. Bennett, Chairman, and Senator Dianne Feinstein, Ranking Minority Member, Subcommittee on Legislative Branch, Senate Committee on Appropriations; Senator Trent Lott, Majority Leader; and Senator Tom Daschle, Minority Leader. Copies will be made available to others upon request. Should you or your staffs have any questions concerning our

review of the audits, please contact me on (202) 512-9406 or John J. Reilly, Assistant Director, on (202) 512-9517.

Robert W. Gramling

Robert W. Gramling
Director, Corporate Audits
and Standards

Report on Audit of the United States Senate Restaurants Revolving Fund

Independent Auditor's Report



2001 M Street, N.W.
Washington, DC 20036

INDEPENDENT AUDITORS' REPORT

Comptroller General
United States General Accounting Office:

We have audited the fiscal year 1999 and 1998 financial statements of the United States Senate Restaurants Revolving Fund (the Fund). We also have examined management's assertion regarding the effectiveness of the Fund's internal controls over financial reporting that were in place as of September 30, 1999. In connection with our audit, we also tested the Fund's compliance with certain provisions of applicable laws and regulations.

We found that:

- the Fund's fiscal year 1999 and 1998 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and
- management fairly stated its assertion that internal controls in place on September 30, 1999 were effective in safeguarding assets against loss from unauthorized acquisition, use, or disposition; in assuring material compliance with laws governing the use of budgetary authority and with other relevant laws and regulations; and in assuring that there have been no material misstatements in the financial statements.

We noted no reportable noncompliance with laws and regulations we tested.

Our conclusions and the scope of our work are discussed in more detail below.

Opinion on Financial Statements

We have audited the accompanying balance sheets of the Fund as of September 30, 1999 and 1998, and the related statements of operations and changes in U.S. Government equity (deficit) and cash flows for the fiscal years then ended.

As discussed in note 1, the financial statements present the results of activities financed through the Fund and are not intended to present the financial position and results of operations of the Senate Restaurants as a whole. Amounts for capital expenditures and related repairs and maintenance purchased by the Architect of the Capitol (Architect) for the benefit of the Fund are not reflected in the Fund's financial statements. Also, the financial statements do not include such costs as space and utilities, which are not readily identifiable.

As discussed in note 1, the operations of the Fund are economically dependent on direct support provided through the United States Senate



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and the Architect. If operating trends continue, the Fund will continue to require financial support to maintain continuing operations.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United States Senate Restaurants Revolving Fund as of September 30, 1999 and 1998, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

**Opinion on Management's
Assertion About the Effectiveness
of Internal Controls over
Financial Reporting**

We have examined management's assertion at September 30, 1999, included in the accompanying *Management's Report on Its Assertion About the Effectiveness of Control over Financial Reporting*, found on page 14, regarding the effectiveness of internal controls designed by management to:

- safeguard assets against loss from unauthorized acquisition, use, or disposition;
- assure the execution of transactions in accordance with laws governing the use of budgetary authority and with other laws and regulations that have a direct and material effect on the financial statements; and
- properly record, process, and summarize transactions to permit the preparation of financial statements and maintain accountability for assets.

In our opinion, management's assertion that internal controls in place as of September 30, 1999 were effective in safeguarding assets against loss from unauthorized acquisition, use, or disposition; assuring compliance with laws governing the use of budgetary authority and with other laws and regulations that have a direct and material effect on the financial statements; and assuring that there have been no material misstatements or omissions of amounts or disclosures in the financial statements, is fairly stated in all material respects. Management made its assertion based upon criteria established by the General Accounting Office (GAO) *Standards for Internal Controls in the Federal Government*.

We noted certain matters involving the internal controls and their operation that we do not consider to be reportable conditions that we are reporting to management in a separate letter dated January 10, 2000.

**Compliance with Laws and
Regulations**

The results of our tests of compliance with laws and regulations that have a direct and material effect on the financial statements disclosed no instances of noncompliance that would be reportable under *Government Auditing Standards*. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

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Responsibilities

Management's Responsibility. The Fund's management is responsible for:

- preparing the financial statements in conformity with generally accepted accounting principles;
- establishing, maintaining, and assessing the internal control structure to provide reasonable assurance that control objectives are met, and
- complying with applicable laws and regulations.

In fulfilling this responsibility, estimate adjustments by management are required to assess the expected benefits and related costs of internal control policies.

Auditors' Responsibility. We are responsible for obtaining reasonable assurance about whether (1) the financial statements are free of material misstatement and, in our opinion, are presented fairly in conformity with generally accepted accounting principles and (2) management's assertion about the effectiveness of internal controls is fairly stated, in all material respects, based on the criteria established by the *GAO Standards for Internal Controls in the Federal Government*. We are also responsible for testing compliance with selected provisions of laws and regulations.

In order to fulfill these responsibilities, we:

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall financial statement presentation;
- obtained an understanding of the internal control structure related to safeguarding assets, compliance with laws and regulations including execution of transactions in accordance with budget authority, and financial reporting;
- tested relevant internal controls over safeguarding, compliance, and financial reporting and evaluated management's assertion about the effectiveness of internal controls; and
- tested compliance with selected provisions of 40 U.S.C. 174j-1 through j-9, certain provisions of the Legislative Branch Appropriation Act, Department of the Treasury regulations on cash, Office of Personnel Management regulations on employee benefits and employer costs, and Internal Revenue Service regulations on federal income and social security tax withholdings.

We limited our internal control testing to those controls necessary to achieve the objectives outlined in our opinion on management's assertion about the effectiveness of internal controls. Because of inherent limitations in any system of internal control, fraud, errors, or irregularities may occur and not be detected. Also, projections of any evaluation of internal controls over financial reporting to future periods

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are subject to the risk that the internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. We conducted our examination of management's assertion regarding the effectiveness of the Fund's internal controls over financial reporting in place at September 30, 1999 in accordance with standards established by the American Institute of Certified Public Accountants. We believe that our audits and examination provide a reasonable basis for our opinions.

This report is intended solely for the information and use of the General Accounting Office, the Architect of the Capitol, management of the Senate Restaurant and the United States Senate, and is not intended to be and should not be used by anyone other than these specified parties.

**Agency Comments and Our
Evaluation**

Senate Restaurant management has agreed with our conclusions.

KPMG LLP

January 10, 2000

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Balance Sheets

UNITED STATES SENATE RESTAURANTS REVOLVING FUND

Balance Sheets

September 30, 1999 and 1998

Assets	1999	1998
Cash:		
Funds with U.S. Treasury	\$ 694,404	427,166
Petty cash and change funds	20,500	20,500
Accounts receivable, Senate customer accounts (note 3)	197,489	123,263
Vendor commissions receivable (note 2(d))	15,018	—
Food, beverage, and merchandise inventory	146,264	156,157
China, glassware, silverware, and tableware	75,181	39,925
Total assets	<u>\$ 1,148,856</u>	<u>767,011</u>
Liabilities and U.S. Government Equity (Deficit)		
Accounts payable and accrued expenses:		
Due to vendors and customers	\$ 532,259	596,747
Payroll and related benefits	315,394	221,441
Deferred income (note 2(e))	48,667	34,210
Total accounts payable and accrued expenses	<u>896,320</u>	<u>852,398</u>
Other liabilities:		
Employees' accrued leave	182,213	208,020
Loans from Senate contingent fund (note 5)	450,000	990,000
Total other liabilities	<u>632,213</u>	<u>1,198,020</u>
Total liabilities	<u>1,528,533</u>	<u>2,050,418</u>
U.S. Government equity:		
Appropriated capital (note 5)	2,847,144	1,957,144
Cumulative results of operations (deficit)	<u>(3,226,821)</u>	<u>(3,240,551)</u>
Total U.S. Government equity (deficit)	<u>(379,677)</u>	<u>(1,283,407)</u>
Total liabilities and U.S. Government equity	<u>\$ 1,148,856</u>	<u>767,011</u>

See accompanying notes to financial statements.

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Statements of Operations and Changes in U.S. Government Equity (Deficit)

UNITED STATES SENATE RESTAURANTS REVOLVING FUND		
Statements of Operations and Changes in U.S. Government Equity (Deficit)		
Years ended September 30, 1999 and 1998		
	<u>1999</u>	<u>1998</u>
Sales and other operating income		
Sales (note 6):		
Regular food services	\$ 3,660,128	3,728,577
Catering	3,892,926	3,431,268
Sundry shop sales	636,845	466,525
Vending machine commissions and other operating income	<u>205,347</u>	<u>162,219</u>
Total sales and other operating income	<u>8,395,246</u>	<u>7,788,589</u>
Cost of sales		
Food and beverages	2,526,432	2,467,252
Sundry shop merchandise	435,574	322,729
Vendor fees	<u>379</u>	<u>6,833</u>
Total cost of sales	<u>2,962,385</u>	<u>2,796,814</u>
Gross income from sales and other operating income	<u>5,432,861</u>	<u>4,991,775</u>
Operating expenses (note 1):		
Personnel and benefits (note 4)	5,105,559	5,586,674
Supplies and materials	535,552	384,307
Miscellaneous	<u>470,289</u>	<u>284,591</u>
Total operating expenses	<u>6,111,400</u>	<u>6,255,572</u>
Loss from sales and other operating income	(678,539)	(1,263,797)
Other sources (uses) of funds:		
Employee buy-out expense (note 7)	(57,731)	(753,282)
Appropriated funds (note 1)	<u>750,000</u>	<u>1,433,000</u>
Net income (loss)	13,730	(584,079)
U.S. Government equity (deficit) – beginning of year	(1,283,407)	(909,328)
Increase in appropriated capital (note 5)	<u>890,000</u>	<u>210,000</u>
U.S. Government equity (deficit) – end of year	<u>\$ (379,677)</u>	<u>(1,283,407)</u>
See accompanying notes to financial statements.		

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Statements of Cash Flows

UNITED STATES SENATE RESTAURANTS REVOLVING FUND

Statements of Cash Flows

Years ended September 30, 1999 and 1998

	1999	1998
Cash flow from operating activities:		
Net income (loss)	\$ 13,730	(584,079)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
(Increase)/decrease in assets:		
Accounts receivable	(89,244)	99,033
Food, beverage, and merchandise inventory	9,893	(14,385)
China, glassware, silverware, and tableware	(35,256)	55,565
Increase/(decrease) in liabilities:		
Due to vendors	(64,488)	238,823
Payroll and related benefits	93,953	(41,128)
Employees' accrued leave	(25,807)	(403)
Deferred income	14,457	2,091
Net cash used for operating activities	(82,762)	(244,483)
Cash flows from financing activities:		
Net loan proceeds (payments) from (to) Senate contingent fund	(540,000)	65,000
Transfers from Senate contingent fund	890,000	210,000
Net increase in cash	267,238	30,517
Funds with U.S. Treasury, beginning of year	427,166	396,649
Funds with U.S. Treasury, end of year	\$ 694,404	427,166

See accompanying notes to financial statements.

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Notes to Financial Statements

UNITED STATES SENATE RESTAURANTS REVOLVING FUND

Notes to Financial Statements

September 30, 1999 and 1998

(1) Organization

The United States Senate Restaurants Revolving Fund (the Fund) operates facilities for Senators, employees of the Senate, and (in certain locations) the general public. The Architect of the Capitol (the Architect), under the direction of the Senate Committee on Rules and Administration (the Committee), is responsible for managing the restaurants. The restaurant management recommends price changes and the Committee approves them.

The financial statements present the results of activities financed through the fund and are not intended to present the financial position and results of operations of the Senate Restaurants as a whole.

Economic Dependency

The Fund's operations are economically dependent on direct financial support provided by the Architect of the Capitol (the Architect) and the United States Senate (the Senate). Beginning with fiscal year 1998, the Architect is required to transfer appropriated funds to the Fund, pursuant to Public Law 105-55, 111 stat. 1189, Title 1, for use in paying certain management personnel and miscellaneous operating expenses of the Restaurants. Support provided directly by the Senate consists of loans and transfers of appropriated capital (equity) to the Fund from the Senate's contingent fund. Loan proceeds and increases in appropriated capital provided by the Senate are used to finance the Fund's recurring operating losses (see note 5). For the fiscal years ended September 30, 1999 and 1998, the Fund's financial statements include direct financial support received from the Architect and the Senate through transferred appropriations, loan proceeds, and/or increases in appropriated capital totaling \$1,100,000 and \$1,708,000, respectively, as follows:

	1999	1998
Transfers of appropriations from the Architect	\$ 750,000	1,433,000
Net increases (decreases) in loans from Senate contingent fund	(540,000)	65,000
Increase in appropriated capital	890,000	210,000
Total direct support	<u>\$ 1,100,000</u>	<u>1,708,000</u>

The Fund has received its appropriated funds from the Architect for fiscal year 2000 and has budgeted them to support the Fund at current operating levels.

The Architect also provides other financial support that is not included in the Fund's financial statements. The Architect uses appropriated funds to purchase and maintain Restaurant-related capital items which remain the property of the Architect. For the fiscal years ended September 30, 1999 and 1998 this support totaled \$205,203 and \$123,167, respectively. Identifiable costs paid directly by the Architect on behalf of the Fund for these items in fiscal years 1999 and 1998 are as follows:

	1999	1998
Equipment maintenance	\$ 11,375	24,434
China, glassware, silverware, and tableware	28,732	—
Equipment purchases	165,096	98,733
Total	<u>\$ 205,203</u>	<u>123,167</u>

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In addition, the Architect and the Government Printing Office use appropriated funds—the value of which can not readily be determined—to provide the Fund with space, utilities, garbage disposal, and printing in support of Restaurant operations. If operating trends for the Restaurants continue, the Fund will continue to require future support, as described above, to maintain continuing operations.

(2) Summary of Significant Accounting Policies

(a) Funds with U.S. Treasury

Cash receipts from sales and commissions are deposited in the U.S. Treasury and credited to the Fund for use in operating the various restaurant facilities.

(b) Inventory

Under its authority to use funds as necessary for restaurant operations, the Fund acquires various types of inventory items (food, beverage, merchandise, china, glassware, silverware, and tableware.) These inventories are valued at cost using a first-in, first-out method.

Charges for breakage and shortages of china, glassware, silverware and tableware purchased by the Fund are based on periodic physical counts and are treated as current period expenses in the Fund's statement of operations.

Additionally, the Architect of the Capitol may use Senate Office Building and Capitol Building appropriations to purchase china, glassware, silverware, and tableware for restaurant operations. (See note 1.) Because these assets are owned by the Architect of the Capitol and not the Fund, they are not recorded in the Fund's financial statements.

(c) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates and assumptions may also affect the reported revenues and expenses during the reporting period. Actual results could differ from management's estimates.

(d) Vendor Commissions Receivable

Vendor commissions receivable represents commissions earned in the current fiscal year but not received until after September 30.

(e) Deferred Income

Deferred income represents catering deposits received as of September 30, for events that will occur subsequent to year-end.

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(f) *Employees' Accrued Leave*

Employees accrue annual leave on a biweekly basis. Full time hourly and salaried workers accrue leave at rates ranging from 4 to 8 hours, depending on length of service. Part time employees accrue leave at fluctuating biweekly rates, based on the amount of hours worked each pay period. Employees may carryover a maximum of 240 hours each calendar year.

(3) *Accounts Receivable, Senate Customer Accounts*

The Committee allows Senators, former Senators, and certain Senate officials to have customer accounts. A comparison of the aged customer accounts receivable at September 30, 1999 and 1998 follows:

Days outstanding	September 30, 1999		September 30, 1998	
	Amount	Percent	Amount	Percent
0 to 30	\$ 101,054	51.2 %	\$ 76,500	62.1 %
31 to 60	10,051	5.1	2,065	1.7
61 to 90	32,443	16.4	14,497	11.8
Over 90	53,941	27.3	30,201	24.5
Total	\$ 197,489	100 %	\$ 123,263	100 %

In accordance with policies established by the Committee, the Fund's accounting office mails monthly delinquent notice letters. These letters are signed by the Architect and are mailed to customers whose accounts are delinquent for over 30 days. Approximately 78 percent of the accounts receivable balance at September 30, 1999 had been collected within 60 days subsequent to year-end.

(4) *Employee Benefits*

Fund employees are covered by the Civil Service Retirement System (CSRS) or the newer Federal Employees Retirement System (FERS), to which the Fund contributes. For employees covered by FERS, the Fund also contributes one percent of pay to the Thrift Savings Plan (TSP) and matches employee contributions to the TSP, up to an additional four percent of pay. While the Fund has no liability for benefit payments to its former employees under the pension programs, the federal government is liable for the benefit payments through the Office of Personnel Management.

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The Fund also contributes to other employee benefits including health insurance (FEHBP), life insurance (FGLI), social security (FICA), medicare (HIT), leave expense, employee meals, local transportation assistance, and employee physicals. Contributions made by the Fund during fiscal years 1999 and 1998 are listed in the following table:

	Fiscal year	
	1999	1998
Pension-related		
CSRS	\$ 67,606	84,888
FERS	358,442	390,465
TSP	75,635	76,202
Total pension-related benefits	501,683	551,555
Other		
FEHBP	348,084	374,336
FGLI	6,715	7,801
FICA	191,335	201,122
HIT	57,484	70,620
Leave expense	242,309	315,692
Employee meals	89,225	100,729
Others	14,642	19,397
Total nonpension-related benefits	949,794	1,089,697
Total benefits	\$ 1,451,477	1,641,252

(5) Financing Activities

In managing the Fund, the Architect has access to two types of supplemental funding: (1) appropriations and (2) loans. Under 40 U.S.C. 174j-4, the Secretary of the Senate, at the request of the Architect and with the approval of the Committee, may transfer funds from the Senate's contingent expenses appropriation account to the Fund as appropriated capital. Also, 40 U.S.C. 174j-9 allows the Architect, with the approval of the Committee, to borrow from the Senate contingent fund the amounts necessary to manage the Fund. The Committee establishes the loan amounts and repayment periods. The loaned funds come from the miscellaneous items appropriation account of the Senate's contingent fund, and loan repayments are deposited to the same account.

From October 1988 through September 1998, under the authority provided by 40 U.S.C. 174j-9, the Architect of the Capitol requested and received various loans from the Senate's contingent fund totaling \$2,250,000. With respect to these amounts, the Fund received a new loan in the amount of \$275,000 in FY 1998 and no new loans in FY 1999.

Between October 1989 and September 1999, the Fund paid all but \$450,000 of these loans with transfers of appropriated funds, referred to as "appropriated capital", pursuant to 40 U.S.C. 174j-4, from the Senate's contingent expense appropriation account. During fiscal years 1998 and 1999, the Fund received transfers of appropriated capital from the Senate's contingent expense appropriations account totaling \$210,000 and \$890,000, respectively. The \$210,000 received in fiscal year 1998 was used to pay an outstanding loan of \$210,000 that was due on September 30, 1997. Of the \$890,000 in

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September 30, 1999 and 1998

appropriated capital received in fiscal year 1999, \$540,000 was used to repay two loans from the Senate's contingent fund that were due on March 31, 1999 and on September 30, 1999. These loan repayments reduced the outstanding balance of loans from the Senate's contingent fund at September 30, 1998 and 1999 to \$990,000 and \$450,000, respectively. The balance of \$350,000 in appropriated capital received in fiscal year 1999 was used to reduce the Fund's accounts payable balance. The transfers of appropriated capital received during fiscal years 1998 and 1999 increased the Fund's appropriated capital to \$1,957,144 and \$2,847,144 at September 30, 1998 and 1999, respectively.

The loans outstanding at September 30, 1999 and September 30, 1998 are as follows:

	1999	1998
Loan issued September 1995, due March 31, 1999 ⁽¹⁾	\$ —	265,000
Loan issued October 1996, due June 30, 2000	450,000	450,000
Loan issued September 1998, due March 31, 1999 ⁽²⁾	—	275,000
	<u>\$ 450,000</u>	<u>990,000</u>

⁽¹⁾ Repaid by appropriated capital from Senate contingent fund, January 1999

⁽²⁾ The due date of the loan was extended to September 30, 1999 at the direction of the Committee.
Repaid by appropriated capital from Senate contingent fund, September 1999

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(6) Sales

The following schedule provides a comparison of sales, commissions, and operating income (loss) for the various Fund activities during fiscal years 1999 and 1998. Catering sales and profits have been included in Capitol dining rooms and cafeteria activities.

	Fiscal year 1999		Fiscal year 1998	
	Sales and commissions	Operating income (loss)	Sales and commissions	Operating income (loss)
Food and beverage operations:				
Special functions	\$ 3,721,429	741,705	3,276,557	371,408
Capitol dining room	389,209	(693,769)	333,673	(667,929)
Cafeterias	2,429,203	(873,882)	2,493,678	(835,801)
Coffee shop	144,666	(75,172)	244,434	(153,179)
Snack bar	160,139	(53,585)	146,665	(55,027)
Senate chef	708,408	30,629	664,838	(87,117)
Total	7,553,054	(924,074)	7,159,845	(1,427,645)
Sundry shop operations:				
Capitol dining room	29,885	8,407	19,279	6,755
Dirksen office building	9,635	(3,391)	158,751	(7,556)
Southside Deli	175,172	15,369	—	—
Hart office building	422,153	19,803	288,495	2,430
Total sundry	636,845	40,188	466,525	1,629
Vending machine commissions and other income	205,347	205,347	162,219	162,219
Total	\$ 8,395,246	(678,539)	7,788,589	(1,263,797)

(7) Employee Buy-out Expense

In an effort to reduce the present work force and cut operating costs, the Fund was authorized, pursuant to the Legislative Branch Appropriation Act, 1998, Public Law 105-55, Section 310, to offer early retirement, or voluntary separation incentive payments to not more than 50 eligible employees, effective beginning October 7, 1997, the enactment date of this legislation, through September 30, 1999. As of September 30, 1999, 38 employees elected early retirement or voluntary separation under this program. As a result, the Fund paid separation payments of approximately \$753,000 in 1998 and \$58,000 in 1999.

Appendix I
Report on Audit of the United States Senate
Restaurants Revolving Fund

Management's Report on Its Assertion About the Effectiveness of Controls Over Financial Reporting



Washington, DC 20515
January 10, 2000

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Dear Sir/Madam:

In connection with your examination of our assertion regarding internal controls over financial reporting of the U.S. Senate Restaurants, as of September 30, 1999, we make the following assertions.

1. Senate Restaurants' management is responsible for ensuring the existence and effective operation of internal controls over financial reporting.
2. Management has assessed the effectiveness of internal controls over financial reporting for the Senate Restaurants' as of September 30, 1999, in accordance with criteria set forth in GAO's Standard for Internal Controls in the Federal Government. Based on that assessment, management believes that, as of September 30, 1999, Senate Restaurants maintained effective internal controls over financial reporting, the objectives of which are to provide management with reasonable, but not absolute, assurance of achieving the following objectives.
 - Assets were safeguarded against loss from unauthorized acquisition, use or disposition;
 - Transactions were executed in accordance with laws governing the use of budget authority and with other laws and regulations that have a direct and material effect on the financial statements; and,
 - Transactions were properly recorded, processed, and summarized to permit the preparation of reliable financial statements and maintain accountability for assets.

Sincerely,

Alan M. Hantman, AIA
Architect of the Capitol

Lynne M. Theiss
Executive Officer
Architect of the Capitol

Michael A. Marinaccio
Director
U.S. Senate Restaurants